Exhibit 42

Report to Board of Directors:

Post-CIA Compliance Program

Corporate Compliance Department

July 19, 2012

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Purdue's Compliance Program

- Compliance Department began in 2004 with the goal to have a company-wide compliance program that would also be CIA-ready within 3-5 years (many policies and SOPs in place before)
- When the CIA was negotiated in 2007, nearly all aspects of the CIA requirements were already in place, consistent with government compliance guidances, including:
  - Code of Conduct, policies, and procedures
  - Compliance Training
  - Auditing, monitoring, and reporting
  - Procedures for investigations of potential issues
  - Consistent discipline process

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Purdue's Compliance Program

Post-CIA there will be little change in Purdue's compliance program

- We will continue to address compliance risks company-wide
- We will continue to do nearly all CIA-required compliance activities
- We will drop a small percentage of total workload that was OIG-centric (e.g., reporting to OIG), but expand other valuable activities

Efforts already underway to communicate to employees about Purdue's compliance program post-CIA

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CIA-Required Compliance Activities

The following five slides highlight Purdue's ongoing compliance program versus the CIA requirements

Activities To be Continued (without change)

- Quarterly reports to Purdue's Board of Directors
- Hotline and other matters reviewed, investigated, documented in Axentis
- Investigation/disposition of compliance matters with Sales Discipline Committee, and reports to Corporate Compliance Council (CCC)
- No Reportable Events obligation after CIA, but significant matters will continue to be evaluated by Law and Compliance, and reviewed by CCC
- Promotion Monitoring Program (Field Contact Reports)
  - DM Ride-Alongs - CIA minimum of 5 days/rep/yr; Sales' standard is minimum of 8

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Activities To be Continued (without change)

- Code of Ethics, Health Care Law Compliance Policies (HCLC), and Departmental SOPs to be reviewed, updated, distributed periodically
- Compliance Training requirements
  - Course material to be consolidated -- more relevant to actual risks
  - All employees and most contract employees to be trained
  - 3rd parties to receive only relevant, targeted training
  - Continue to train Field Force on significant FPI and Promotional Materials changes
- Screen employees and 3rd parties on hire and annually against government exclusion lists
- Record retention per 10 year Purdue SOP (vs. CIA 6 year retention)

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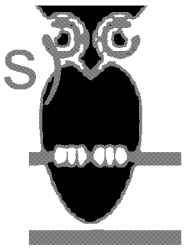
Activities To be Continued (with changes)



Reporting "Reportable Events" to OIG stops

- Notifications to OIG of compliance issues to be considered, if warranted, under OIG Provider Disclosure Protocol

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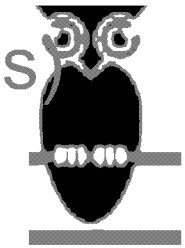
Activities To be Continued (with changes)



- **Corporate Compliance Committee**
  - Expanded scope and function to oversee major areas of compliance risk company-wide, and not limited to CIA scope
  - Membership smaller, more operational
  - Post meeting summaries to be distributed
- **Medical Services (not Compliance) to monitor Representative-effected Medical Information Request Forms;**
  - CIA-required monitoring by Compliance has provided no benefit and took considerable effort
  - Compliance to have oversight and audit role

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Activities To be Stopped

- Annual OIG reports and certification
- Annual IRO reviews
- Other CIA-required notifications to OIG
- Designations of employees and others as “Covered Persons” and “Relevant Covered Persons”

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Attorneys General Agreement

- 10 year AG Agreement, started in May 2007
- Purdue committed to continue OxyContin Abuse and Diversion Detection Program predicated on RSOP 1.7.1
- Annual reminder and training to employees continues
- Dear HCP Letter and Brochure providing written, non-branded education on abuse and diversion of opioids continues

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Maintaining Purdue's Compliance Program as "State of the Art"

Activities we will continue, or add, to Purdue's overall compliance program

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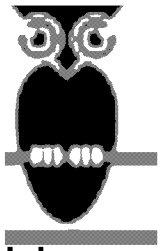
Current CIA Requirements – Other Companies



New CIAs focus on individual company issues, but reflect OIG's wider views on what makes for effective compliance. We continually review and selectively implement practices that we believe will add compliance value for Purdue. The most recent CIAs contain many of the following new elements:

- Sales Representative Incentive compensation plans should minimize risk of off-label promotion and exclude compensation for off-label prescribing/promotion; "claw-back" provisions
- Transparency/disclosure requirements increasing -- Disclosures by Consultants and authors, Reporting of physician payments, medical education grants, charitable contributions, clinical trials, post marketing commitments and other transfers of value to HCPs/customers

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Current CIA Requirements – Other Companies

- "Risk Assessment and Mitigation Plan"
- Semi-annual product-by-product risk management plans
- Monitoring requirements continue to expand to include more promotional, non-promotional, and managed care functions
- Sales Representative call notes, documents, emails, materials, etc.
  - Consulting arrangements, speaker programs, publication activities, medical education grants, research studies, etc.
  - Medical Services materials
  - Medical personnel interactions with HCPs
- Annual reviews of call plans and sample plans
- Pricing and rebate reviews

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The Future of Compliance: Areas of Focus

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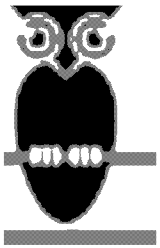
Future Focus



- **Manufacturing and Quality** have already become an enforcement priority industry-wide, with big settlements paid

- **R&D** is the widely predicted focus area of the future, with outsourced clinical trials, data integrity, subject protection, and investigator initiated trials most discussed

- **Commercial Area** will continue to be an enforcement focus of Federal and State authorities, and individual plaintiffs; there is talk that big off-label cases are coming to an end, but managed care is a new area of scrutiny

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Commercial Monitoring Program

Monitoring of both sales forces to be continued / strengthened

- Annual Ride-Alongs with sales personnel to better understand challenges faced by Sales Representatives
- District Meetings, other meetings
- Conventions/Product Theaters
- Speaker Programs
- Call Note Monitoring
- Field Contact Reports
- Documents and email communications reviews

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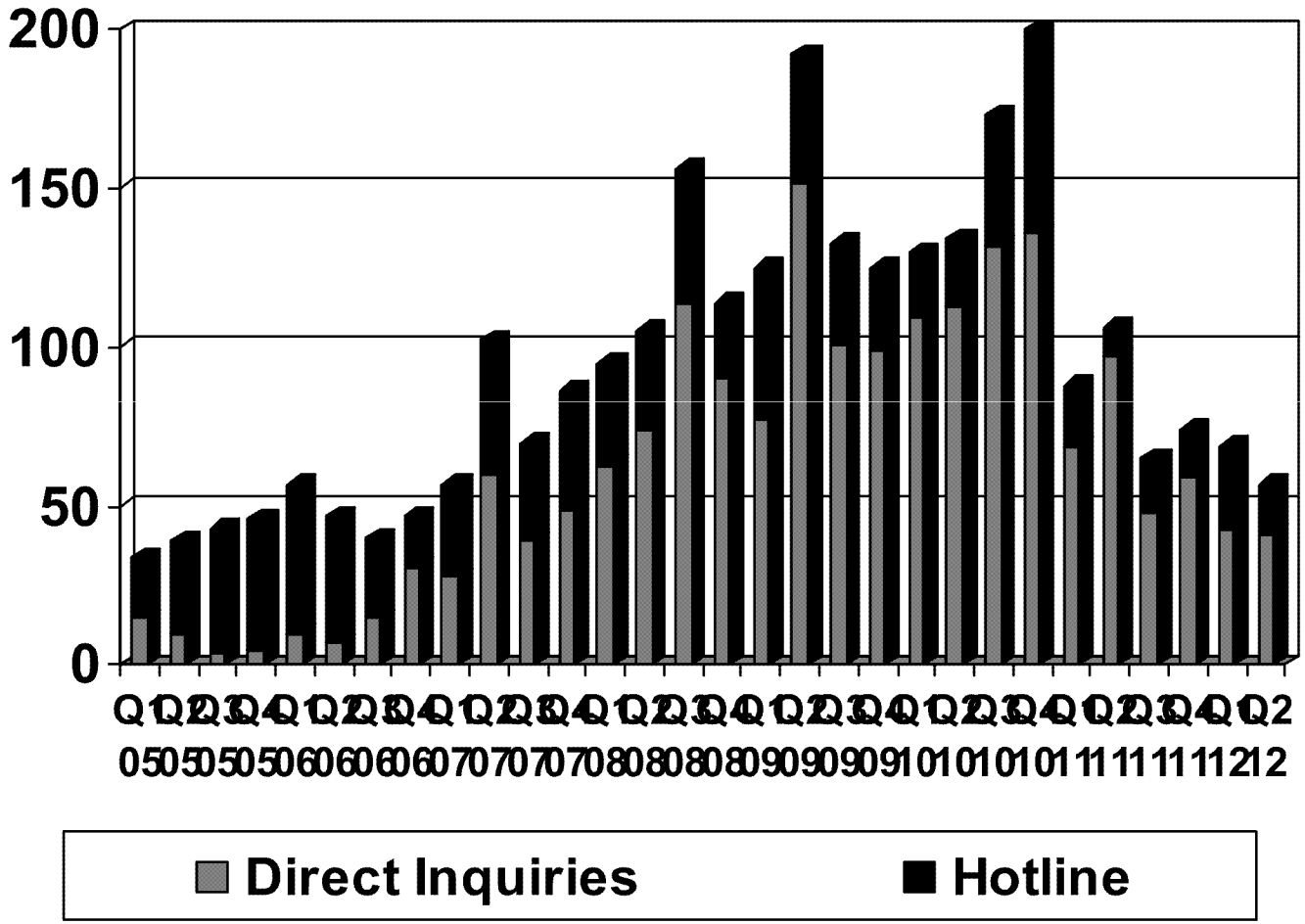
Inquiries by Quarter (1Q05 – 2Q12)



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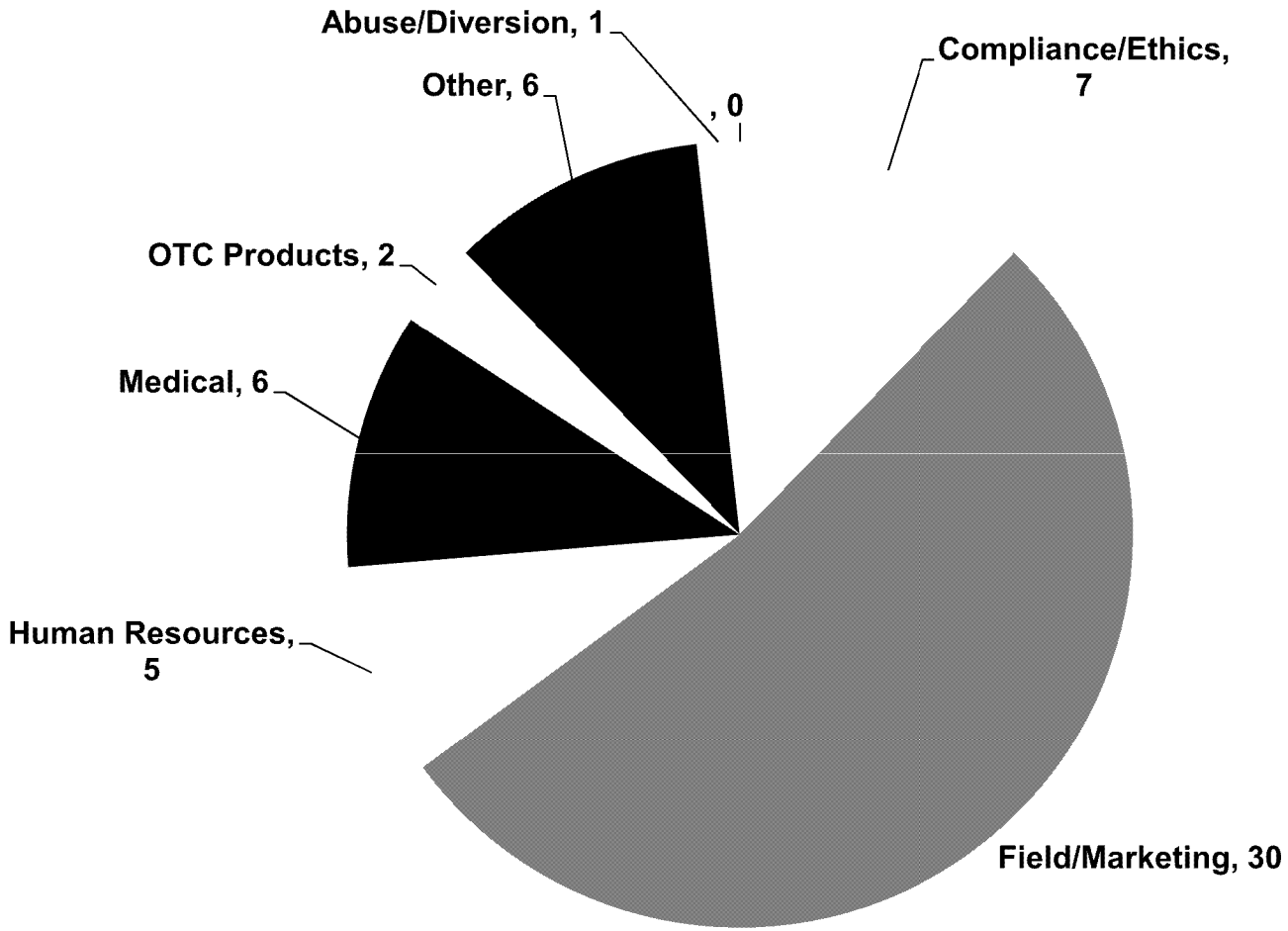
2Q 2012 Compliance Inquiries



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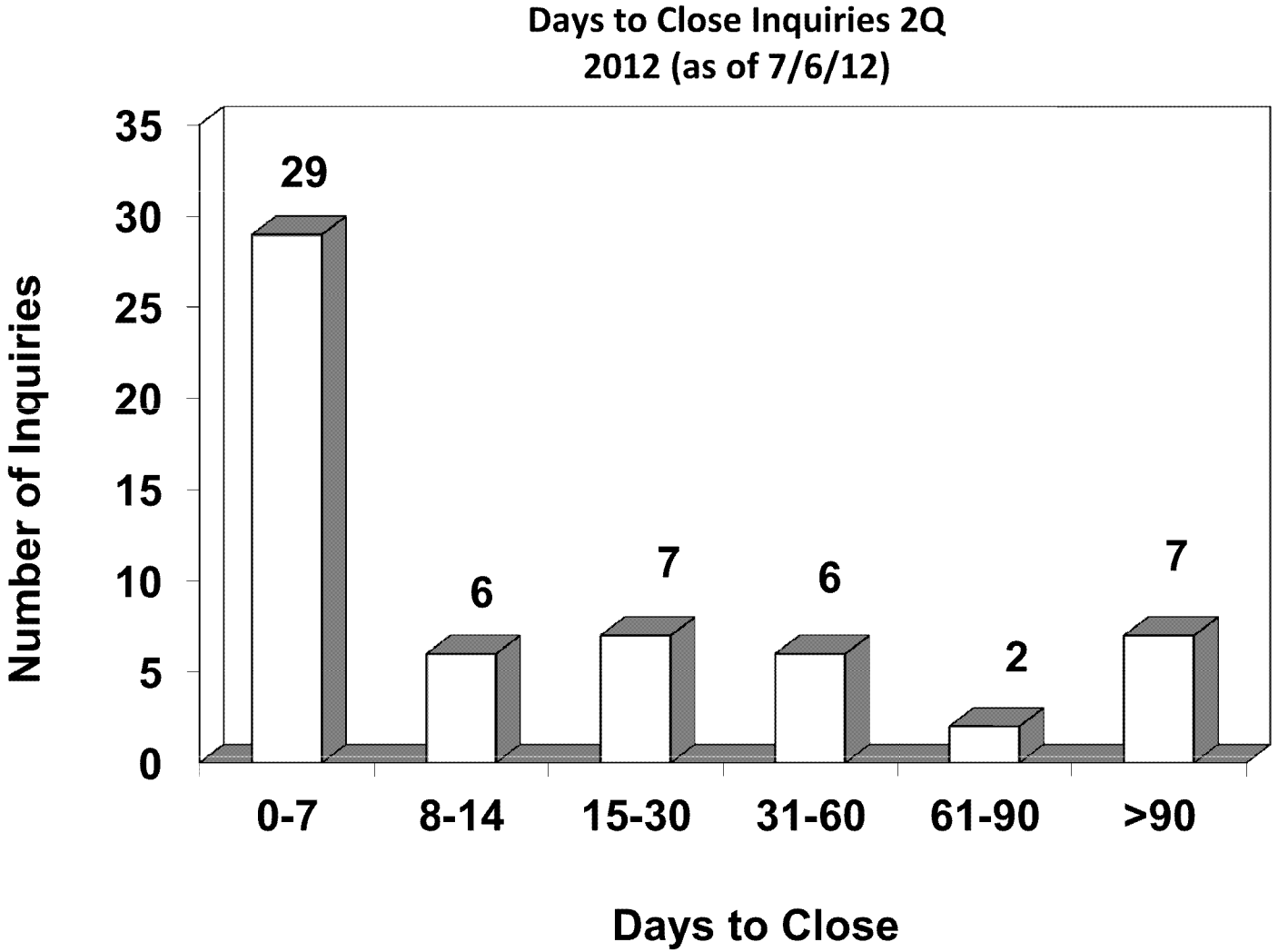
2Q 2012 Inquiry Response Time



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